



**Inter-Provincial Diversified**  
Holdings Limited

1979 ANNUAL REPORT

## DIRECTORY

---

### **Officers**

Joseph Frieberg  
*President*

Robert Scolnick  
*Vice-President*  
*Secretary*

### **Board of Directors**

Joseph Philip Dawson  
Joseph Frieberg  
Murray Frieberg  
Murray Joseph Howe  
Robert Scolnick

### **Auditors**

Thorne Riddell  
Toronto, Ontario

### **Executive Office**

275 Belfield Road  
Rexdale, Ontario  
M9W 5C6

### **Shares Listed**

Common  
Toronto Stock Exchange

### **Registrar and Transfer Agent**

The Canada Trust Company  
Common Shares

## HIGHLIGHTS

	1979	1978
Income	\$ 1,132,560	\$ 795,451
Earnings:		
Before extraordinary items	568,653	1,075,935
Extraordinary items	99,000	(1,030,797)
Net earnings	667,653	45,138
Earnings per share:		
Before extraordinary items	\$.57	\$1.05
Net earnings	.67	.04
Total assets	11,884,792	8,954,631
Shareholders' equity	5,607,632	5,278,413
Common shares outstanding	924,720	996,820
Equity per common share	\$6.01	\$5.14

### HOWMARK OF CANADA

Twelve Months Ended December 31

Sales	\$11,625,000	\$ 9,218,000
Net earnings	427,000	422,000

### I.C.D. - TRI-NORTH DEVELOPMENTS

Twelve Months Ended December 31

Sales	\$ 1,903,000	\$ 2,712,000
Net earnings	1,151,000	1,077,000

### UNITED TIRE & RUBBER CO. LIMITED

Twelve Months Ended December 31

Sales	\$47,967,000	\$38,058,000
Net earnings	1,494,000	1,805,000



## TO OUR SHAREHOLDERS

The Company enjoyed a satisfactory year in 1979. Consolidated net earnings before extraordinary items were \$568,000 compared with \$1,076,000 in 1978. Our affiliates all showed improved results in their sales and net earnings in 1979.

Howmark of Canada's sales for the year ended December 31, 1979 increased to \$11,625,000 from \$9,218,000 in 1978 and earnings were \$428,000 compared with \$423,000 in 1978. Howmark is one of Canada's largest importers of footwear. Howmark also owns 75% of Olympia Shoe (1975) Ltd., a manufacturer of winter boots for men and women.

United Tire & Rubber Co. Limited's sales for the year ended December 31, 1979 increased to \$47,967,000 from \$38,058,000 in 1978, and earnings before extraordinary income were \$1,494,000 compared with \$1,379,000 in 1978. United Tire designs, manufactures, retreads, and services tires for the mining, forestry, construction, and transportation industries and is the only Canadian-owned manufacturing company in the tire industry.

Our real estate operations in Grande Prairie, Alberta continued to generate substantial profits in 1979. Net earnings were \$1,151,000 in 1979 compared to \$1,077,000 in 1978. The balance of our industrial

lots were sold in the first quarter of 1980. Our residential lands comprised of 160 acres are now in the planning stage and we expect to be servicing these lands in 1981.

Our land development in Arizona is proceeding according to plan. We are servicing three subdivisions, two in the City of Phoenix and one in the City of Sedona. The total lots we will have for sale in 1980 will be 326. We are holding for future development 182 acres in the City of Denver.

A partnership financed by Inter-Provincial built a 36,000 square foot condominium garden office building complex, the first of its kind in the City of Phoenix. This project has had good acceptance and sales are proceeding well.

We continue to be confident that in 1980 we can expect continued sales and earnings growth of all our affiliated companies.

Joseph Frieberg  
President

Robert Scolnick  
Vice-President

June 9, 1980



# INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

## Consolidated Statement of Income

Year Ended December 31, 1979

	1979	1978
Income		
Share of partnership income	\$ 751,222	\$ 748,078
Interest and other income	381,338	47,373
	<u>1,132,560</u>	<u>795,451</u>
Expenses		
Interest on mortgages payable		138,206
Other interest	397,314	208,284
Depreciation	5,518	2,648
Other expenses	375,519	226,420
	<u>778,351</u>	<u>575,558</u>
	<u>354,209</u>	<u>219,893</u>
Share of earnings before extraordinary items of associated companies		
United Tire & Rubber Co. Limited	446,444	542,508
Steintron International Electronics Ltd.		489,534
	<u>446,444</u>	<u>1,032,042</u>
Income before income taxes	<u>800,653</u>	<u>1,251,935</u>
Deferred income taxes	<u>232,000</u>	<u>176,000</u>
Income before extraordinary items	<u>568,653</u>	<u>1,075,935</u>
Extraordinary items		
Write-down of investment in Steintron International Electronics Ltd.		(1,649,369)
Share of extraordinary earnings of associated companies		
United Tire & Rubber Co. Limited		172,147
Steintron International Electronics Ltd.		270,425
Income tax reduction realized on application of prior years' losses	99,000	176,000
	<u>99,000</u>	<u>(1,030,797)</u>
Net income	<u>\$ 667,653</u>	<u>\$ 45,138</u>
Earnings per share (note 7)		
Income before extraordinary items	.57	\$1.05
Net income	.67	.04
Fully diluted earnings per share		
Income before extraordinary items	\$ .56	\$ .99
Net income	.66	.04

## Consolidated Statement of Retained Earnings

Year Ended December 31, 1979

Balance at beginning of year	\$2,066,381	\$4,192,547
Net income	667,653	45,138
	<u>2,734,034</u>	<u>4,237,685</u>
Premium on common shares purchased for cancellation	(15,448)	(157,002)
Deemed dividend on capitalization of retained earnings		(2,014,302)
Balance at end of year	<u>\$2,718,586</u>	<u>\$2,066,381</u>



(Incorporated under the laws of Ontario)

## as at December 31, 1979

Approved by the Board

Director *Robert Scolnick*

AUDITOR

Toronto, Canada  
April 30, 1980

**INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED**

(Incorporated under the laws of Ontario)

**Consolidated Balance Sheet**

as at December 31, 1979

**LIABILITIES**

	<u>1979</u>	<u>1978</u>
Bank advances (note 4)	\$ 4,026,063	\$ 3,288,763
Interest payable and accrued liabilities	377,964	137,455
Loan payable		250,000
Deferred income taxes	133,000	
Mortgages payable (note 5)	1,740,133	
	<u>6,277,160</u>	<u>\$ 3,676,218</u>

**SHAREHOLDERS' EQUITY**

Capital stock (note 6)		
Second preference shares	50,000	150,000
Common shares	2,839,046	3,062,032
	<u>2,889,046</u>	<u>3,212,032</u>
Retained earnings	2,718,586	2,066,381
	<u>5,607,632</u>	<u>5,278,413</u>
	<u>\$11,884,792</u>	<u>\$ 8,954,631</u>

REPORT

have relied on the reports of the other auditors who have examined their financial statements.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.  
Chartered Accountants



# INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

## Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1979

	1979	1978
Source Of Funds		
Withdrawal of funds from partnerships	\$ 640,875	\$ 816,161
Dividends from associated companies	281,506	142,465
Proceeds from sale of Steintron International Electronics Ltd.	3,512,120	
Net changes in		
Mortgages payable	1,740,133	
Dividends receivable	82,500	95,000
	<u>\$6,257,134</u>	<u>\$1,053,626</u>
Application Of Funds		
Operations		
Income before extraordinary items	(568,653)	(1,075,935)
Items not involving funds		
Depreciation	(5,518)	(2,648)
Income taxes	(99,000)	(176,000)
Share of earnings of associated companies	446,444	1,032,042
Share of earnings of partnerships	751,222	705,129
	<u>524,495</u>	<u>482,588</u>
Investments	146,715	671,817
Partnerships interests	2,699,475	290,799
Redemption of common shares	238,434	71,858
Redemption of second preference shares	100,000	50,000
Purchase of land	2,458,976	
Purchase of building and equipment	223,776	
Net changes in		
Long term debt		950,000
Notes receivable	70,057	
Other assets and liabilities	75,445	301,303
	<u>6,537,373</u>	<u>2,818,365</u>
Decrease In Funds Position	<u>\$ 280,239</u>	<u>\$1,764,739</u>
Funds Are Defined As		
Cash	\$ 811,981	\$ 354,920
Bank advances	4,026,063	3,288,763



# INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

## Notes to Consolidated Financial Statements Year ended December 31, 1979

### 1. Accounting Policies

#### (a) Basis of consolidation

The consolidated financial statements include the accounts of Inter-Provincial Diversified Holdings Limited and all of its subsidiary companies.

#### (b) Foreign currency translation

Amounts in foreign currency have been translated to Canadian dollars on the following basis: investments in partnerships, land held for and under development, building and equipment, and mortgages payable at historical rates of exchanges; all other assets and liabilities at the rate of exchange as at the balance sheet date; operating revenues and costs and expenses, at the average rate of exchange for the year.

#### (c) Depreciation

Depreciation is provided as follows:

Buildings	5% straight line
Office equipment	16 2/3% straight line
Automobiles	20% straight line

### 2. Secured Demand Notes Receivable

The demand notes receivable are from partnerships in which the company has an interest and are secured by deeds of trust.

### 3. Investments

United Tire & Rubber Co. Limited (i)

	1979	1978
Shares at equity value	\$2,969,851	\$2,804,913
1,014,200 Class A special shares		
111,111 7%		
Cumulative convertible first preference shares		
400,000 10%		
Cumulative, convertible second preference shares		
9% Debentures maturing to June 1, 1981 (less principal included in other assets)	35,000	92,500
	3,004,851	2,897,413

	1979	1978
Steintron International Electronics Ltd. (ii) at net realizable value		3,512,120
Other shares and advances at equity value	124,032	
Partnership interests at equity value (iii)		
Howmark of Canada	1,054,069	842,332
Real estate development partnerships	1,434,516	439,085
Other investments, at cost	30,195	7,512
	<u>\$5,647,663</u>	<u>\$7,698,462</u>

#### (i) United Tire & Rubber Co. Limited

The company's holdings of Class A special shares represent a 40.40% interest. If all of the United Tire & Rubber Co. Limited first and second preference shares were converted to Class A special shares, the company's holding would represent a 38.1% interest.

#### (ii) Steintron International Electronics Ltd.

The company disposed of its holdings in Steintron International Electronics Ltd. during the year at the net realizable value shown as at December 31, 1978.

#### (iii) Partnership interests

The company is contingently liable for the portion of the partnerships liabilities not reflected in this consolidated balance sheet. Against this contingent liability, the company has the right to the related assets of the partnerships which assets have a book value in excess of the contingent liabilities.

### 4. Bank Advances

The bank advances are secured by a general assignment of book debts, the common shares representing the company's holdings in United Tire & Rubber Co. Limited, the debentures of United Tire & Rubber Co. Limited, an assignment of the company's 50% interest in Howmark of Canada and an assignment of mortgages on land in Alberta and Arizona.

### 5. Mortgages Payable

Mortgages are payable in United States funds and bear interest at rates which range from 8% to 9%. Principal repayments are as follows:



## 5. Mortgages Payable (continued)

1980	\$ 264,229
1981	287,659
1982	311,463
1983	113,356
1984	123,159
1985 and subsequent	<u>\$1,740,133</u>

## 6. Capital Stock

	1979	1978
Authorized		
500,000 First preference shares of \$10 par value, issuable in series		
50,000 Convertible second preference shares of \$1 par value (1978, 150,000 shares)		
2,000,000 Third preference shares of \$2 par value		
10,000,000 Class A shares without par value		
1,784,469 Common shares without par value (1978, 1,856,569 shares)		
Issued		
50,000 Second preference shares (1978, 150,000 shares)	\$ 50,000	\$ 150,000
924,720 Common shares (1978, 996,820 shares)	2,839,046	3,062,032
	<u>\$2,889,046</u>	<u>\$3,212,032</u>

During the year the company purchased and cancelled 72,100 common shares. Share capital was charged with the assigned value of \$222,986. The cost in excess of the assigned value was charged to retained earnings.

The company is required on or before April 30 in each year to set aside as a redemption fund

for the redemption of second preference shares an amount equal to 10% of the aggregate par value of second preference shares issued. The aggregate par value of shares purchased for cancellation or converted into common shares shall be applied as a credit in satisfaction in whole or in part of any redemption fund payment. The second preference shares are convertible on the basis of two common shares for each five second preference shares. The company is required to redeem second preference shares to the extent that 50,000 second preference shares are not converted in each year.

In 1979, 100,000 second preference shares were redeemed, thereby reducing the authorized second preference shares by 100,000 shares.

## 7. Earnings Per Share

Basic earnings per share have been calculated using the weighted monthly average method after giving effect to common shares purchased and cancelled. Fully diluted earnings per common share assumes the conversion of preference shares and the exercise of share options.

## 8. Other Statutory Information

Remuneration of directors and senior officers (as defined by The Business Corporations Act) amounted to \$154,800 (1978, \$126,000).

## 9. Comparative Figures

Certain of the 1978 comparative figures have been restated to conform with the financial statement presentation adopted for 1979.



## FIVE YEAR FINANCIAL REVIEW

	1979	1978	1977	1976	1975
<b>Howmark of Canada</b>					
Sales	<b>\$11,625,000</b>	\$ 9,218,000	\$ 7,606,000	\$ 6,665,000*	\$ 6,658,000
Net earnings	<b>427,000</b>	422,000	243,000	394,000	541,000
<b>I.C.D. - Tri-North Developments</b>					
Sales	<b>1,903,000</b>	2,712,000	356,000		
Net earnings	<b>1,151,000</b>	1,077,000	93,000		
<b>United Tire &amp; Rubber Co. Limited</b>					
Sales	<b>47,967,000</b>	38,058,000	31,894,000	28,517,000	23,445,000
Net earnings	<b>1,494,000</b>	1,805,000	729,000	134,000	(2,005,000)

\* 10 months



**Inter-Provincial Diversified**  
Holdings Limited